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**Al-Mowasat Healthcare Company K.S.C. (Closed)  
and subsidiaries  
State of Kuwait**

**Condensed consolidated interim financial information and independent  
auditors' review report for the six month period ended 30 June 2012**

**Al-Mowasat Healthcare Company K.S.C. (Closed)  
and subsidiaries  
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## **Independent auditors' report on review of condensed consolidated interim financial information**

**The Board of Directors**  
**Al-Mowasat Healthcare Company K.S.C. (Closed)**  
**State of Kuwait**

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Al-Mowasat Healthcare Company K.S.C. (Closed) ("the Company") and its subsidiaries (together the "Group") as at 30 June 2012, the condensed consolidated statements of income and comprehensive income for the three month and six month periods then ended, the condensed consolidated statements of changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

*Other Matter*

The consolidated financial statements of the Group as at and for the year ended 31 December 2011 and as at and for the period ended 30 June 2011 were audited and reviewed by other auditors who expressed a qualified audit opinion and conclusion respectively on those consolidated financial statements, as the Group did not recognise impairment loss with respect to certain available-for-sale investments.

*Report on review of other legal and regulatory requirements*

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the accounting records. We further report that nothing has come to our attention indicating any contravention during the six month period ended 30 June 2012, of the Kuwait Commercial Companies Law of 1960, as amended, or of the Company's articles and memorandum of association, that might have had material effect on the Group's activities or on its consolidated financial position.



**Safi A. Al-Mutawa**  
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**of KPMG Safi Al-Mutawa & Partners**  
**Member firm of KPMG International**



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**Kuwait: 12 August 2012**



**بويان لتدقيق الحسابات**  
**BOUBYAN Auditing Office**

**Al-Mowasat Healthcare Company K.S.C. (Closed) and subsidiaries**  
**State of Kuwait**

**Condensed consolidated statement of financial position**  
*as at 30 June 2012*

	Note	30 June 2012 KD	31 December 2011 KD (audited)	30 June 2011 KD
<b>Assets</b>				
Property and equipment		23,281,200	23,565,819	22,892,733
Intangible assets		155,555	168,010	187,562
Equity-accounted investee		18,750	18,750	18,750
Available-for-sale investments	4	1,431,255	1,402,017	1,237,377
Other assets		10,494	10,494	10,494
<b>Non-current assets</b>		<u>24,897,254</u>	<u>25,165,090</u>	<u>24,346,916</u>
Inventories		821,171	859,991	987,680
Trade and other receivables		14,339,713	13,151,555	12,980,120
Cash and bank balances		821,666	1,222,982	1,542,393
<b>Current assets</b>		<u>15,982,550</u>	<u>15,234,528</u>	<u>15,510,193</u>
<b>Total assets</b>		<u>40,879,804</u>	<u>40,399,618</u>	<u>39,857,109</u>
<b>Equity</b>				
Share capital		9,680,000	9,680,000	9,680,000
Share premium		2,022,875	2,022,875	2,022,875
Statutory reserve		1,057,600	1,057,600	831,401
Voluntary reserve		1,023,944	1,023,944	797,745
Cumulative changes in fair value		(350,308)	(378,532)	(543,172)
Retained earnings		5,038,913	3,798,685	3,147,337
<b>Total equity</b>		<u>18,473,024</u>	<u>17,204,572</u>	<u>15,936,186</u>
<b>Liabilities</b>				
Tawarruq payables		2,386,456	2,978,130	3,343,498
Ijara payables		10,260,021	10,520,347	10,694,451
Murabaha payables	5	750,000	-	-
Trade payables		430,177	392,769	-
Post employment benefits		1,848,175	1,708,590	1,567,203
<b>Non-current liabilities</b>		<u>15,674,829</u>	<u>15,599,836</u>	<u>15,605,152</u>
Tawarruq payables		964,512	731,275	668,379
Ijara payables		840,840	1,196,214	1,288,851
Trade and other payables		4,926,599	5,667,721	6,358,541
<b>Current liabilities</b>		<u>6,731,951</u>	<u>7,595,210</u>	<u>8,315,771</u>
<b>Total liabilities</b>		<u>22,406,780</u>	<u>23,195,046</u>	<u>23,920,923</u>
<b>Total equity and liabilities</b>		<u>40,879,804</u>	<u>40,399,618</u>	<u>39,857,109</u>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

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 Salah M. Al-Wazzan  
 Vice Chairman

**Al-Mowasat Healthcare Company K.S.C. (Closed) and subsidiaries**  
**State of Kuwait**

**Condensed consolidated statement of income**  
*for the three and six month periods ended 30 June 2012*

	Note	Three month period ended 30 June		Six month period ended 30 June	
		2012 KD	2011 KD	2012 KD	2011 KD
Revenue	6	5,640,331	5,399,510	11,745,005	10,738,590
<b>Operating expenses</b>					
Material costs		(1,549,884)	(1,294,681)	(2,889,106)	(2,394,474)
Staff costs		(2,747,126)	(2,523,839)	(5,324,921)	(4,794,527)
Other operating expenses		(125,073)	(425,309)	(1,101,581)	(1,433,758)
Depreciation and amortization		(395,299)	(326,870)	(766,405)	(572,683)
<b>Results from operating activities</b>		<u>822,949</u>	<u>828,811</u>	<u>1,662,992</u>	<u>1,543,148</u>
Other income		64,573	-	129,855	63,862
Finance costs		(215,312)	(267,556)	(473,576)	(537,288)
<b>Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Board of Directors' Remuneration</b>		<u>672,210</u>	<u>561,255</u>	<u>1,319,271</u>	<u>1,069,722</u>
KFAS		(4,858)	(5,041)	(11,873)	(9,647)
NLST		(19,709)	(14,887)	(38,689)	(30,610)
Zakat		(7,110)	(5,955)	(15,981)	(12,244)
Board of directors' remuneration		(6,250)	(6,250)	(12,500)	(12,500)
<b>Profit for the period</b>		<u>634,283</u>	<u>529,122</u>	<u>1,240,228</u>	<u>1,004,721</u>
<b>Earnings per share-basic and diluted (fils)</b>	8	<u>6.55</u>	<u>5.47</u>	<u>12.81</u>	<u>10.38</u>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Al-Mowasat Healthcare Company K.S.C. (Closed) and subsidiaries  
State of Kuwait**

**Condensed consolidated statement of comprehensive income**  
*for the three and six month periods ended 30 June 2012*

	<b>Three month period ended</b>		<b>Six month period ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
Profit for the period	634,283	529,122	1,240,228	1,004,721
<b><i>Other comprehensive income</i></b>				
Change in fair value of available-for - sale investments	47,040	89,376	28,224	28,224
<b>Total other comprehensive income for the period</b>	<u>47,040</u>	<u>89,376</u>	<u>28,224</u>	<u>28,224</u>
<b>Total comprehensive income for the period</b>	<u>681,323</u>	<u>618,498</u>	<u>1,268,452</u>	<u>1,032,945</u>

The accompanying notes form part an integral part of this condensed consolidated interim financial information.



**Al-Mowasat Healthcare Company K.S.C. (Closed) and subsidiaries  
State of Kuwait**

**Condensed consolidated statement of changes in equity  
for the six month period ended 30 June 2012**

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Retained earnings KD	Total KD
<b>Balance at 1 January 2011</b>	9,680,000	2,022,875	831,401	797,745	(571,396)	2,820,216	15,580,841
<b>Total comprehensive income for the period</b>	-	-	-	-	-	1,004,721	1,004,721
Profit for the period	-	-	-	-	-	-	-
<i>Other comprehensive income</i>	-	-	-	-	28,224	-	28,224
Change in fair value of available-for-sale investments	-	-	-	-	28,224	-	28,224
<i>Total other comprehensive income</i>	-	-	-	-	28,224	-	28,224
<b>Total comprehensive income for the period</b>	-	-	-	-	28,224	1,004,721	1,032,945
<b>Transactions with shareholders of the Company, recognised directly in equity</b>	-	-	-	-	-	-	-
Dividend (refer note 11)	-	-	-	-	-	(677,600)	(677,600)
<b>Balance at 30 June 2011</b>	<u>9,680,000</u>	<u>2,022,875</u>	<u>831,401</u>	<u>797,745</u>	<u>(543,172)</u>	<u>3,147,337</u>	<u>15,936,186</u>
<b>Balance at 1 January 2012</b>	9,680,000	2,022,875	1,057,600	1,023,944	(378,532)	3,798,685	17,204,572
<b>Total comprehensive income for the period</b>	-	-	-	-	-	1,240,228	1,240,228
Profit for the period	-	-	-	-	-	-	-
<i>Other comprehensive income</i>	-	-	-	-	28,224	-	28,224
Change in fair value of available-for-sale investments	-	-	-	-	28,224	-	28,224
<i>Total other comprehensive income</i>	-	-	-	-	28,224	-	28,224
<b>Total comprehensive income for the period</b>	-	-	-	-	28,224	1,240,228	1,268,452
<b>Balance at 30 June 2012</b>	<u>9,680,000</u>	<u>2,022,875</u>	<u>1,057,600</u>	<u>1,023,944</u>	<u>(350,308)</u>	<u>5,038,913</u>	<u>18,473,024</u>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Al-Mowasat Healthcare Company K.S.C. (Closed) and subsidiaries  
State of Kuwait**

**Condensed consolidated statement of cash flows  
for the six month period ended 30 June 2012**

	<b>Six month period ended 30 June</b>	
	<b>2012 KD</b>	<b>2011 KD</b>
<b>Cash flows from operating activities</b>		
Profit for the period before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration	1,319,271	1,069,722
<i>Adjustments for:</i>		
Depreciation and amortization	766,405	572,683
Finance costs	473,576	537,288
Other income	(129,855)	(63,862)
Provision for post employment benefits	190,106	148,413
Provision for doubtful debts	88,690	62,688
	<u>2,708,193</u>	<u>2,326,932</u>
<i>Change in:</i>		
- inventories	38,820	(258,607)
- trade and other receivables	(1,148,009)	(1,897,933)
- trade and other payables	(802,934)	1,107,349
Cash generated from operating activities	<u>796,070</u>	<u>1,277,741</u>
Post employment benefits paid	(50,521)	(61,859)
<i>Net cash from operating activities</i>	<u>745,549</u>	<u>1,215,882</u>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	(469,331)	(1,186,319)
Acquisition of intangible assets	-	(76,905)
<i>Net cash used in investing activities</i>	<u>(469,331)</u>	<u>(1,263,224)</u>
<b>Cash flows from financing activities</b>		
Repayments of tawarruq payables	(358,437)	(266,479)
Repayments of ijara payables	(615,700)	-
Receipt of murabaha payables	750,000	-
Finance costs paid	(453,397)	(128,352)
<i>Net cash used in financing activities</i>	<u>(677,534)</u>	<u>(394,831)</u>
<b>Net decrease in cash and bank balances</b>	<u>(401,316)</u>	<u>(442,173)</u>
<b>Cash and bank balances at beginning of the period</b>	<u>1,222,982</u>	<u>1,984,566</u>
<b>Cash and bank balances at end of the period</b>	<u>821,666</u>	<u>1,542,393</u>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Al-Mowasat Healthcare Company K.S.C. (Closed) and subsidiaries  
State of Kuwait**

**Notes to the condensed consolidated interim financial information  
for the six month period ended 30 June 2012**

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**1. Reporting entity**

Al-Mowasat Healthcare Company K.S.C. (Closed) (“the Company”) was established in Kuwait on 12 September 1998 as a Kuwaiti Shareholding Company and was listed on the Kuwait Stock Exchange on 9 October 2006. The registered office of the Company is located in Shuwaikh, Plot 52, P.O.Box 1251 Safat 13013.

The condensed consolidated interim financial information comprises of the Company and its subsidiaries (together the “Group”) and the Group’s interests in an equity-accounted investee.

The Group is engaged in providing healthcare and medical services, owning real estate and investing excess funds in shares through a portfolio manager.

All the above activities are carried out in accordance with Islamic Sharia’a.

The condensed consolidated interim financial information was approved by the Board of Directors on 9 August 2012.

**2. Basis of preparation**

a) Statement of compliance

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard No. 34, *Interim Financial Reporting* and the Kuwait Stock Exchange instructions No. 2 of 1998.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group, since the last annual consolidated financial statements as at and for the year ended 31 December 2011. This condensed consolidated interim financial information does not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (IFRSs).

b) Judgments and estimates

Preparing the interim financial information requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2011.

**3. Significant accounting policies**

The accounting policies applied by the Group in this condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2011.

**Al-Mowasat Healthcare Company K.S.C. (Closed) and subsidiaries  
State of Kuwait**

**Notes to the condensed consolidated interim financial information  
for the six month period ended 30 June 2012**

**4. Available-for-sale investments**

	30 June 2012 KD	31 December 2011 KD (audited)	30 June 2011 KD
Quoted equity securities-local	499,638	470,400	305,760
Unquoted equity securities-local	931,617	931,617	931,617
	<u>1,431,255</u>	<u>1,402,017</u>	<u>1,237,377</u>

Unquoted investments are carried at cost less impairment losses since the fair value of these investments can not be reliably determined. There is no active market for these investments and there have not been any recent transactions that provide evidence of the current fair value.

**5. Murabaha payables**

During the period, the Group obtained a new murabaha facility from a local financial institution amounting to KD 750,000. The facility carries a profit rate of 6% and is repayable in December 2014.

**6. Revenue**

	Three month period ended 30 June		Six month period ended 30 June	
	2012	2011	2012	2011
	KD	KD	KD	KD
Service income	4,336,284	4,170,858	9,163,162	8,414,409
Pharmacy sales	1,233,129	1,155,836	2,447,148	2,224,745
Other operating income	70,918	72,816	134,695	99,436
	<u>5,640,331</u>	<u>5,399,510</u>	<u>11,745,005</u>	<u>10,738,590</u>

**7. Related parties transactions**

Related parties include significant shareholders, subsidiary companies, directors and executive officers of the Group, close members of their families and companies of which they are the principal owners or over which they are able to exercise significant influence.

Related party balances reflected in the condensed consolidated statement of financial position do not bear any interest and there are no agreed repayment terms, accordingly these balances are treated as receivable / payable on demand.

**Al-Mowasat Healthcare Company K.S.C. (Closed) and subsidiaries  
State of Kuwait**

**Notes to the condensed consolidated interim financial information  
for the six month period ended 30 June 2012**

Significant related party transactions and balances other than the one disclosed elsewhere in this condensed consolidated interim financial information are as follows:

	Three month period ended 30 June		Six month period ended 30 June	
	2012	2011	2012	2011
	KD	KD	KD	KD
<b>Related party transactions</b>				
Other income	64,573	-	129,855	63,862
<b>Key management compensation</b>				
Short term employee benefits	22,000	19,500	43,673	45,123
Board of directors' remuneration	6,250	6,250	12,500	12,500
		<b>30 June 2012 KD</b>	<b>31 December 2011 KD</b>	<b>30 June 2011 KD</b>
<b>Related party balances</b>			(audited)	
Due from related parties		8,812,152	8,194,122	7,658,294
Due to related parties		1,047,955	1,422,035	1,225,300
Available-for-sale investments		1,431,255	1,402,017	1,237,377

**8. Earnings per share**

Earnings per share attributable to shareholders of the Company is calculated by dividing the net profit for the period attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

There are no potential dilutive ordinary shares.

The information necessary to calculate the earnings per share is as follows:

	Three month period ended 30 June		Six month period ended 30 June	
	2012	2011	2012	2011
Profit for the period (KD)	634,283	529,122	1,240,228	1,004,721
Weighted average number of shares issued	96,800,000	96,800,000	96,800,000	96,800,000
Earnings per share- basic and diluted (fils)	6.55	5.47	12.81	10.38

**Al-Mowasat Healthcare Company K.S.C. (Closed) and subsidiaries  
State of Kuwait**

**Notes to the condensed consolidated interim financial information  
for the six month period ended 30 June 2012**

**9. Operating segments**

Operating segments are identified based on internal management reporting information that is regularly reviewed by the Board of Directors, which is the chief operating decision maker, to allocate resources to the segment and to assess its performance.

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different types of services and are managed separately because they require different business and marketing strategies.

*Healthcare:* Healthcare includes medical care, pharmacies and other related services.

*Investment:* Investing surplus cash in investment portfolios.

	<b>Healthcare services KD</b>	<b>Investment and others KD</b>	<b>Consolidated KD</b>
<b>Three month period ended 30 June 2012</b>			
Segment revenue	5,640,331	64,573	5,704,904
Segment expenses	<u>(5,070,621)</u>	<u>-</u>	<u>(5,070,621)</u>
Profit for the period	<u>569,710</u>	<u>64,573</u>	<u>634,283</u>
<b>Three month period ended 30 June 2011</b>			
Segment revenue	5,399,510	-	5,399,510
Segment expenses	<u>(4,870,388)</u>	<u>-</u>	<u>(4,870,388)</u>
Profit for the period	<u>529,122</u>	<u>-</u>	<u>529,122</u>
<b>Six month period ended 30 June 2012</b>			
Segment revenue	11,745,005	129,855	11,874,860
Segment expenses	<u>(10,634,632)</u>	<u>-</u>	<u>(10,634,632)</u>
Profit for the period	<u>1,110,373</u>	<u>129,855</u>	<u>1,240,228</u>
<b>Six month period ended 30 June 2011</b>			
Segment revenue	10,738,590	63,862	10,802,452
Segment expenses	<u>(9,797,731)</u>	<u>-</u>	<u>(9,797,731)</u>
Profit for the period	<u>940,859</u>	<u>63,862</u>	<u>1,004,721</u>
<b>30 June 2012</b>			
Equity-accounted investee	-	18,750	18,750
Segments assets	34,611,511	6,268,293	40,879,804
Segment liabilities	22,406,780	-	22,406,780
<b>31 December 2011</b>			
Equity-accounted investee	-	18,750	18,750
Segments assets	34,309,168	6,090,450	40,399,618
Segment liabilities	23,195,046	-	23,195,046

**Al-Mowasat Healthcare Company K.S.C. (Closed) and subsidiaries  
State of Kuwait**

**Notes to the condensed consolidated interim financial information  
for the six month period ended 30 June 2012**

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	<b>Healthcare services KD</b>	<b>Investment and others KD</b>	<b>Consolidated KD</b>
<b>30 June 2011</b>			
Equity-accounted investee	-	18,750	18,750
Segments assets	34,128,426	5,728,683	39,857,109
Segment liabilities	23,920,923	-	23,920,923

**10. Financial risk management**

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2011.

**11. General assembly**

Subsequent to the reporting date, the annual general assembly meeting held on 10 July 2012 approved the following;

- Consolidated financial statements for the year ended 31 December 2011
- Board of Directors' remuneration amounting to KD 25,000, and
- Cash dividend of 10% amounting to KD 968,000 (31 December 2010: cash dividend of 7% amounting to KD 677,600).

**12. Comparative figures**

Certain comparative figures have been regrouped to conform to the current period presentation with no effect on previously reported profit or equity.